

2016: A Year of Financial Barbarism?

By [Ben Schreiner](#)

Theme: [Global Economy](#)

Global Research, January 05, 2016

With New Year celebrations barely in the rear view mirror, foreboding storm clouds are once again forming along the horizon. The blackening skies are casting a dour mood over 2016, which in its mere infancy seems all but assured to see deepening global tumult, conflict, and crisis.

At the root of this palpable disquiet lies the still fragile state of the global economy, coming up on eight years after the financial collapse of 2008.

Writing in the German newspaper *Handelsblatt* last week, International Monetary Fund Managing Director Christine Lagarde [pointed to](#) “rising interest rates in the United States and an economic slowdown in China,” coupled with slowing growth in global trade and “a decline in raw material prices,” to warn that, “global growth will be disappointing and uneven in 2016.”

Back in October, the IMF projected a lackluster 2016 global growth rate of 3.6%, a 0.2% reduction from its previous forecast. As IMF chief economist Maurice Obstfeld commented at the time, “Six years after the world economy emerged from its broadest and deepest postwar recession, a return to robust and synchronized global expansion remains elusive.”

On Monday, stoked by fears of slowing growth in China, evidenced by a report from the market data firm Markit showing a contraction in Chinese manufacturing, global stock indexes tumbled as they rang in 2016. But as HSBC strategist Devendra Joshi noted of the plunge to the [New York Times](#), “This will be the theme for the year. There will be more volatility.”

It’s worth remembering that not long ago China was heralded by mainstream economic commentators to be the engine that was to drive global economic growth. But such elite optimism has since all but dissolved into air.

Indicative of the growing recognition of the realities of elusive growth in the wake of the 2007-08 financial collapse has been the steady emergence of “secular stagnation” in the lexicon of orthodox economists, most pointedly Larry Summers. In fact, since Summers first mused back in 2013 on secular stagnation having “relevance to the American experience” post financial collapse, the concept has gained a degree of notable currency in conventional economic circles.

Of course, the concept of secular stagnation is nothing particularly new, as any follower of the monopoly capitalism analysis championed most prominently by the journal *Monthly Review* would know.

Indeed, in their 2012 book, *The Endless Crisis*, current *Monthly Review* editor John Bellamy Foster and former editor Robert McChesney not only argue that global monopoly capitalism

is defined by sustained low growth, but a far more dangerous “stagnation-financialization trap,” which leaves ever greater financialization as the only available means of sustaining the system.

“Yet,” Foster and McChesney write, “rather than overcoming the stagnation problem, this renewed financialization will only serve at best to put off the problem, while piling on further contradictions, setting the stage for even bigger shocks in the future.”

With Federal Reserve’s December interest rate rise, curtailing to some extent the unprecedented free money gifted to financial speculators, further systemic contradictions indeed appear to be lurking in wait to trigger bigger future shocks.

Tremors have been felt most recently in the high-yield, high-risk “junk bond” market. With corporations and banks pursuing further parasitism in the wake of the 2008 collapse, a flood of money via junk bonds rushed into the oil and commodities industries, spurred on in the U.S. by the fracking boom. But as oil and commodities prices collapsed, so too, largely, has the junk bond market. As the *Wall Street Journal* [reported](#) in mid-December, a report by the “U.S. Office of Financial Research found ‘elevated and rising credit risks’ among nonfinancial businesses and emerging-market borrowers, and it said a significant shock that further impairs credit quality ‘could potentially threaten U.S. financial stability.’”

The outstanding debt in the U.S. junk bond market is estimated to exceed \$1 trillion.

With such contradictions piling up as the stubborn specter of Marxist analysis haunts even the most celebrated of conventional economists, neoliberal ideologues have been forced once again into the rather unenviable position of having to deny reality itself.

Enter former Texas Senator Phil Gramm, who bravely penned an April [op-ed](#) for the *Wall Street Journal* in which he dismissed secular stagnation as “just another in a long line of excuses” for slow growth. Gramm instead opted to finger fading “American exceptionalism” as the cause of recessed growth, which Gramm claimed has “[taken] economic growth with it.” A variation of such delusions can now heard in nearly every 2016 presidential candidate’s campaign stump speech.

But no matter the ruling elite’s refusal to actually see the economic crisis in full, let alone undertake to resolve it, elite angst over its ramifications, particularly widening economic inequality, mount nonetheless. Tellingly, the year’s first issue of the influential *Foreign Affairs* journal, published by the quasi-official Council on Foreign Relations, is devoted to tackling the whats and whys of economic inequality. As editor Gideon Rose writes, the trends of deepening inequality “are starting to define our era.”

To be clear, our era, to channel Lenin, is one of renewed political reaction all down the line. In concrete terms, it’s an era in which 50 million Americans are food insecure and a staggering 50% live at or near poverty; it’s a time in which rents and health care cost soar well beyond languishing wages; and it’s a moment in which all the worn political elite can manage to muster in response is the tired chant of austerity.

But austerity, lest it ever be forgotten, is a dietary remedy exclusively prescribed to the rabble. No matter the calls for “fiscal responsibility,” there is always money to be found for the elite’s preferred crisis resolution of war abroad, repression at home.

Even so, it's rather remarkable with American "boots on the ground" in both Iraq and Syria that the leading contenders from both political parties—from the neo-fascist reality TV star to that once "dead broke" vagrant—have actually pledged to escalate U.S. military intervention in the region by seeking to impose a "no-fly zone" in Syria.

Such proposals, spoken in the ease with which politicians mindlessly call upon God to bless America, are nothing short of deranged calls for war. We need look no further than Robert Gates (hardly what one could consider a peacemaker) to understand what the loose calls for a "no-fly zone" truly connote. As Gates [warned](#) prior to NATO's disastrous 2011 adventure in Libya: "A no-fly zone begins with an attack on Libya to destroy the air defenses." The air defenses in Syria today include the sophisticated [Russian manned S-400 system](#).

Indicative of the insanity of the political present, some 2016 presidential candidates have gone so far as to not only call for a "no-fly zone," but to actually verbalize the logical conclusion of such reckless rhetoric by proudly touting the fact that they would [shoot down](#) Russian planes over Syria. Such threats are revealing not only of the politicians willing to make them, but also of the segment of the American electorate soothed by such apocalyptic visions.

Meanwhile, left unfulfilled even by the thoughts of burning Russian warplanes falling from the sky, Washington is once again revving up a renewed [sanctions push](#) against Iran. This, despite Tehran's continued compliance with the nuclear accord struck last year. Think of this latest poke in Tehran's eye, then, as an early 2016 gift from Washington to its favorite regional clients: the head-choppers in the House of Saud and the apartheidists in Tel Aviv.

Of course, Washington's gifts are widely spread, with the American arms bazaar exporting nearly [\\$40 billion](#) worth of hardware in 2014—capturing over 50% of the global market. All of which obviously serves only to further fan the flames of the simmering tinderboxes now found dotting the globe from the South China Sea to Ukraine to the Middle East.

American military adventurism, though, cannot be untangled from the economic and social crises ravaging the "homeland." Opening the spigot of military spending is part of what Ismael Hossein-zadeh writes in *The Political Economy of U.S. Militarism* to be the "cynical policy of simultaneously raising military spending and cutting taxes on the wealthy in order to force cuts in nonmilitary government spending." In other words, it's class war waged from on high against the hapless souls below.

And so as we embark on a year with an already ominously stormy start, the American political class appears once again set on confronting all looming crises with the only thing it is now capable of producing: barbarism.

Ben Schreiner is the author of [A People's Dictionary to the 'Exceptional Nation'](#).

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